



Dealer Newsletter

Michigan Department of State

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Plate fee calculation software popular with auto dealers

The plate fee calculation software released by the Department of State last October has demonstrated its value and popularity. Here is what some dealers have said:

"The new computer disk to calculate license fees has saved us not only time, but errors. Very clever innovation!" --*Luanne Smith, New Car Biller, Gage Oldsmobile in Ferndale.*

"We really like it. It's fool-proof--you can't make mistakes." --*Pam Strobel, Sales Manager, Simms Chevrolet in Clio.*

"It's quick, easy, and a real time saver." --*Bruce King, Owner, Max King & Son Auto Service in Corunna.*

Dealer comments are typically about the convenience of the software and how simple it is to use. The software was developed in response to dealer concerns identified in a survey conducted earlier by the department.

Secretary of State Candice Miller expressed her appreciation to the dealers who have taken advantage of the free software and are using it to calculate plate fees. "This software reduces the number of transactions returned to dealers for fee calculation errors and that benefits both dealers and the branch offices," says Secretary Miller.

The fee program contains an easy to use menu that prompts the user through a series of screens to calculate plate fees for various types of vehicles. Typical menu selections include whether the registrant is a business or individual, whether the vehicle is new or used, body style choice, entering the month and day of the registrant's birthday, and entering the model year of the vehicle being purchased. After the selections are made, the software automatically calculates the correct registration fee.

Registration calculation software is free and available to all new and used vehicle dealers and retail brokers at Secretary of State branch offices.

SOS branch offices issuing new license plate tab and registration form

Secretary of State branch offices have implemented the use of new laser printers to print license plate tabs and registrations. The new process begins with the issuance of 1999 tabs. Instead of issuing separate month and year tabs,

both the month and year are printed on one tab. The tab contains the license plate number and a control number in addition to the month and year information.

See New Tab, Registration Form, page 2

New Tab, Registration Form

Continued from page 1

Registrations expiring before 1999 will continue to receive separate month and year tabs but the tabs will look different as they will be printed on a laser printer. Some dealers may already be familiar with this new process as a pilot test was conducted using several branch offices.

In addition to the 1999 year tab, the new laser printer will print two copies of the owner's new registration for both new plates or plate transfers. The two registration copies will be returned to the dealer along with the pink (customer) copy of the RD-108. Dealers must provide at least one of the registration forms and the pink copy of the validated RD-108 application for title to their customer within 20 days of delivery of the vehicle.

Touch-tone telephone renewal of license plates, new driver license offered

Michigan Secretary of State Candice S. Miller has announced two new customer service initiatives: touch-tone vehicle registration renewal and a high-tech driver license.

Touch-tone vehicle registration renewal has been available since late November 1997 for vehicle owners who received renewal forms with a 9-digit PIN (personal identification number) appearing in the lower left corner of the registration renewal form. The 9-digit PIN verifies the department has received proof of insurance, in electronic form, for the vehicle.

Vehicle owners may renew using a touch-tone telephone if they have a valid Discover, MasterCard, or VISA credit card and a registration renewal form with the preprinted 9-digit PIN.

To receive information about the touch-tone registration renewal program, a "Frequently Asked Questions" page is available on the department's web site at: www.sos.state.mi.us/renew/plate or by telephoning the department's Fax-On-Demand service at 517/335-4329.

The new Michigan driver license has an appearance similar to a credit card and features a photograph of the Mackinac Bridge. Some of the high-tech features of the card include:

- Vastly improved photographs. Technology allows branch office staff to check the quality of the photograph before the licensing process is completed, thus eliminating closed eyes or glare on eyeglasses.

- Faster delivery time. Licenses will be mailed about a week after motorists apply for, or renew, their license compared to the four to six weeks it now takes.
- State of the art security features. PolaPrime, a primary colored ink detectable only under black light, and PolaSecure laminate, a sheer thin covering, make the license virtually impossible to counterfeit. Michigan is the first licensing agency in the world to use primary colored UV ink.
- Magnetic stripe and bar code. Michigan is limited by state law to include only the driver license number, expiration date, and holder's date of birth on the magnetic stripe and bar code. The bar code and magnetic stripe make capturing these numbers faster and more accurate.
- New and improved renewal by mail. Under the new system, the Secretary of State will issue a new license, rather than a renewal sticker, to motorists renewing the computer-generated license by mail.
- Under 21 designation. A new format makes it easier to identify motorists under age 21, a benefit to individuals selling or serving alcoholic beverages. The "under 21" designation should also help dealers identify minors in vehicle transactions.

The department began installing the new driver license system at branch offices in April, with statewide implementation expected to be completed by June 30, 1998.

Other cards that will be produced using the new technology are personal identification cards and salvage vehicle agent identification cards.

Leasing news: Regulation M of Consumer Leasing Act now in effect

In an effort to simplify lease transactions and to reduce confusion for consumers, the Board of Governors of the Federal Reserve System recently enacted revisions to Regulation M of the Consumer Leasing Act. The act requires lessors to provide uniform cost and other disclosures about consumer lease transactions to lessees.

The act applies to “consumer leases” defined as contracts meeting each of the following elements:

- The lease is for the use of personal property, such as an automobile.
- The lease has a term of more than four months.
- The contractual obligation does not exceed \$25,000.

Under Regulation M, consumer lease disclosures must meet the following general criteria:

- Disclosures must reflect the terms of the legal obligations between lessor and lessee.
- Disclosures must be legible, whether typed, handwritten or printed by computer.
- Disclosures must be “clear and conspicuous” so that the relationship between terms is reasonably understandable and apparent.
- A copy of the disclosures must be given to the lessee at or prior to consummation of the lease.
- Disclosures must be made on a dated, written statement which identifies the lessor and lessee.
- *ALL* disclosures must be made together on either (1) the contract or other document evidencing the lease, on the same page and above the place for the lessee’s signature, or (2) a separate statement which identifies the specific lease transaction.

Regulation M also stipulates specific *content* of the disclosures and requires that certain information be segregated on the lease contract. The specific content of disclosures required under Regulation M includes:

- | | |
|---|--|
| • Description of property. | • Early termination conditions and penalties. |
| • Amount due at lease signing or delivery. | • Maintenance responsibilities. |
| • Payment schedule and total amount of periodic payments. | • Purchase option. |
| • Disclosure of other anticipated charges during normal execution of the lease agreement. | • Statement referencing “nonsegregated” disclosures. |
| • Total of payments. | • The right of appraisal. |
| • Payment calculation. | • Liability at the end of the lease term. |
| • Lease term. | • Fees and taxes. |
| | • Insurance and warranties. |

For a more complete description of the requirements under Regulation M and its applicability to various lease transactions, dealers should consult their respective attorneys, or contact: **Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington DC 20551.**

Dealer Advisory Committee: Senate Bill 941 introduced

On February 25, Senator Bill Bullard introduced Senate Bill 941 to carry out the legislative recommendations of the former Dealer Advisory Committee. The bill was reported out of the Senate Transportation Committee on March 25 without opposition.

The bill, as currently written, permits all dealers to keep electronic police book and washout records, permits the Department of State to renew dealer licenses for up to four years at a time, authorizes dealers to charge purchasers the cost of a temporary registration with the charge to be noted on the RD-108 application for title form, permits all classes of licensed dealers to conduct wholesale business only at any other licensed dealer’s location statewide, eliminates the financing information from the RD-108, eliminates the requirement that dealers record the dealer number of the buying or selling dealer when wholesaling vehicles, and simplifies the ad valorem registration fee schedule for vehicles costing more than \$30,000.

BAR telephone numbers

Dealer Division

517/373-9081

Fax: 517/373-0964

Repair Facility Division

517/373-9063

Fax: 517/373-0964

Mechanic Testing

517/636-6400

Fax: 517/335-2810

General Licensing Information

517/636-6400

Fax: 517/335-2810

TTY

517/485-5530

Fax: 517/373-8791

www.sos.state.mi.us/bar/

Dealers are reminded that...

...Michigan law requires dealers to have properly assigned titles in possession before offering vehicles for sale. Vehicles turned in at the end of a lease cannot be offered for sale until the dealer receives an assigned title from the lessor. Dealers who sell former lease vehicles before titles are received also violate odometer disclosure requirements.

...Michigan is not a "title holding" state. Dealers who are "buy here, pay here" should record their lien on their customer's title and deliver the title to the purchaser.

...financial institutions may not hold titles as collateral for floor plans. Auctions may not offer floor plans to dealers that require dealers to leave titles with the floor planner for vehicles purchased.

...they should check the current status of registration plates before transferring the plate to another vehicle. You may do this by requiring a copy of the current registration document or telephoning your local Secretary of State branch office to verify whether the registration is valid.

...according to the Financial Institutions Bureau of the Department of Consumer

and Industry Services, documentary fees cannot be charged for motorcycle, trailer, and fifth wheel trailer transactions.

...they may not sell vehicles at retail away from their established place of business unless they obtain additional licensure. To sell vehicles at a separate location within the county of licensure, a supplemental license is required. To sell vehicles at a separate location outside the county of licensure, a new original dealer license is required.

...scrap-titled vehicles may not be sold as complete units except to scrap metal processors. Scrap-titled vehicles may be dismantled and sold as parts. When major component parts from scrap-titled vehicles are used to assemble a vehicle, the vehicle identification number from the frame or support structure must be different from the vehicle identification number of any other major component part used to assemble the vehicle.

...registration plates owned by the lessee and used on a leased vehicle expire on the lessee's birthday and not the first of the month. If the lessee is a business or company, the plate expires on the first of the month.